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077-3621

ODP 1228-77
22 June 1977

MEMORANDUM FOR: Associate Deputy Director for Administration

FROM : [REDACTED]
Acting Director of Data Processing

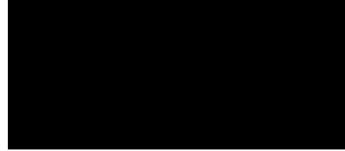
SUBJECT : Status of the [REDACTED] Project

REFERENCE : D/ODP memo to DDA dtd 17 June 77, subject:
ODP Report for Week Ending 17 June 1977
(ODP 1187-77)

The reference contained an item on [REDACTED] and indicated the contractor is expected to give the Agency written notification of a slippage of the Project. The attached Memorandum for the Record contains the status report that was requested by the Associate Deputy Director for Administration. Highlights are:

1. [REDACTED] wants to reschedule the Programming System Review originally due in April to late November.
2. The slippage reflects a lack of progress and, perhaps, an unwillingness to complete the project.
3. Agency alternatives include:
 - a. Allow late performance.
 - b. Negotiate a new schedule.
 - c. Negotiate a contract settlement.
 - d. Terminate the contract.
4. After receipt of [REDACTED] letter, the SPS/ODP, [REDACTED] OL project team will:
 - a. Develop a plan of action.

- b. Brief the Steering Committee.
- c. Open negotiations with Augologic.



STATINTL

Att: a/s

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ODP-1218-77

22 June 1977

STATINTL

MEMORANDUM FOR THE RECORD

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SUBJECT: Current [REDACTED] Situation

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REFERENCE: Memos for the Record dtd 8 June [REDACTED]
and 17 June [REDACTED]

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1. We are currently advised that [REDACTED] is sending us a memorandum to reschedule the Programming System Review (PSR), originally due in April and subsequently slipped to 24 June, to late November 1977. Presumably all other project activity will slip by a like amount. While we will make a detailed evaluation upon receipt of the memorandum, a slip of this magnitude appears to reflect the lack of progress and ability to make progress on this development. It may also note an unwillingness to complete the project.

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2. A slip of this magnitude at this point in time would indicate a need for total project replanning on [REDACTED] part which would require a detailed evaluation to determine reasonableness. Past and current history of this project indicates that such an evaluation would be incredibly difficult at best.

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3. We are in a uniquely strong position to resolve our problems on this contract at this time. Performance under the contract has been observed and documented. The contract is clear. Upon receipt of the letter we must evaluate the following alternatives, define our end objective and strategy and invite [REDACTED] to the Agency to negotiate. The following alternatives appear to be available at this time:

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- a) Allow late performance under the current contract. This is unacceptable based on lack of performance. This would constitute forbearance on the Government's part.

- b) Negotiate a new schedule. Under this alternative [REDACTED] would have to propose contract amendments and would have to offer some consideration to the government for such a contract change. The validity of the changed schedule would still be open to question but if the nature of the consideration were in the form of an inducement for [REDACTED] to complete the work and satisfy [REDACTED] technical problem, this is potentially acceptable. STATINTL
- c) Negotiate a contract settlement whereby the work produced under the contract to date is delivered to the Agency and the contractor retains monies already received. This will provide the opportunity for either the government or another contractor to complete the project using funds already appropriated.
- d) Terminate the contract. There would appear to be adequate evidence at this time to support the contention that the contractor is unable to make significant progress. This procedure would undoubtedly take years to complete but should result in the return of substantial funds to the government (not the Agency). It would not satisfy [REDACTED] needs. There would be inadequate funds remaining for another procurement. STATSPEC

4. We should determine immediately what products [REDACTED] has which could be used immediately in the [REDACTED] environment. We must determine the cost and the utility of this equipment in order to evaluate it against the cost of [REDACTED] further delay. If, then, Autologic offers the use of such equipment (or systems) at no cost to the government until such time as the [REDACTED] system is installed and accepted, this may constitute both inducement to [REDACTED] and relief [REDACTED]. It may make a contract negotiation possible. Even with these considerations, [REDACTED] must seek outside help to complete the project if we are to develop any faith in their commitments. STATINTL

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